



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT*

COMPANY: Asics
COUNTRY: China
FACTORY CODE: 400015849GV
MONITOR: Level Works Limited
AUDIT DATE: October 13, 2011
PRODUCTS: Slippers
PROCESSES: Cutting, Sewing, Gluing,
Assembly, Packing
NUMBER OF WORKERS: 150

*To read the original IEM report for this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).

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Wages, Benefits and Overtime Compliance: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: 1. The factory did not provide paid leaves to workers, e.g., annual leave, holidays, sick leave, maternity leave, etc. Management review and worker interviews found that no paid leaves or paid holidays were provided by the factory.

2. The factory did not provide social security to all employees, only 106 out 180 employees were provided with social security.

Remarks: 5 types of social security are available for both local and migrant residents in the area. There were 7 workers who gave up the benefit voluntarily by giving the factory a confirmation with signature.

Legal References: 1) China Labor Law, Article 51; 2) China Labor Law, Articles 72 and 73

Plan Of Action: Asics requires agent to organize training about paid leave to factory management. Asics requires factory to develop, maintain and regularly review a written paid leave and paid holiday policy. Asics requires the factory to conduct paid leave and paid holiday training for workers. Asics requires the factory to provide public social security to all employees gradually. Asics agrees that factory can provide commercial social security in the beginning. Factory is required to provide social security to all employees within 3 years.

Deadline Date: 07/28/2011

Supplier CAP: Factory will provide paid leaves during periods such as sick leave, wedding leave, and maternity leave according to labor law. These conditions will be mentioned on the labor contracts. Factory is working to provide 100% public social security to local workers, and 50% or more for migrant workers.

Supplier CAP Date:

Action Taken:	<p>Asics visit on June 5, 2009 and supplier update:</p> <p>2. Most local workers are provided public social security. A part of migrant workers have been provided social security.</p> <p>November 30, 2009 update:</p> <p>1. Factory has provided complete labor contracts, including statutory paid leave policy for the worker's awareness.</p> <p>2. The increase in the number of migrant workers provided social security is small. Factory explained that workers were not willing to participate in public social security due to pointing out a flaw in the social security system. Asics has asked factory to schedule a step-by-step plan to increase the number of social security participants. Factory is requested to submit the plan to Asics.</p>
Plan Complete:	No
Plan Complete Date:	
Action Verified:	No
Action Verified Text:	<p>Pending:</p> <p>1. The factory did not provide paid leaves to workers (annual leave, holidays, sick leave, maternity leave, etc.) Management review and worker interviews found that no paid leaves or paid holidays were provided by the factory.</p> <p>2. Only 68 out of 150 workers had participated in all 5 kinds of social insurance.</p> <p>Sources: document review, management interview</p> <p>Legal References: PRC Labor Law, Article 62; PRC Regulations on Employee's Paid Annual Leave, Article 3; PRC Opinion of the Ministry of Labor on Several Questions concerning the Implementation of the Labor Law, Article 59; PRC Labor Law Article 51; PRC Labor Law, Article 72, Article 73, Article 9, Article 20; Social Insurance Law of the PRC Article 29, Article 39, Article 49</p>
Action Verified Date:	10/13/2011

Follow-up Plan of Action:

1. Asics requires the factory to provide paid leaves to workers.
2. Asics requires the factory to ensure all workers participate gradually in the social security program.

March 11, 2013: The factory has established internal regulation, which is written about paid holiday.

Wages, Benefits and Overtime Compliance: Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: The factory did not pay the local minimum wage for workers. Management and worker interviews found that 2 trainees were paid on a daily rate, which was RMB 29.3 per day during their training period. However, the local minimum wage standard was RMB 850 per month, i.e., RMB 39.1 per day since September 1, 2007. It could not be verified clearly because the factory did not provide payrolls for review during the audit.

Legal Reference: China Labor Law, Article 48

Plan Of Action: Asics requires the factory to pay workers at least minimum wage. Asics requires the factory to provide precise and complete personnel documents during future audits.

Deadline Date: 01/25/2009

Supplier CAP: The factory now keeps the complete personnel documents of workers. The factory will provide personnel files for review during future audits.

Supplier CAP Date:

Action Taken: November 30, 2009:

1. Factory is paying legal premium overtime based on legal minimum wage.
2. Factory has provided precise and complete personnel files for document review.

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

**Action
Verified** Ongoing:

Text: 1 out of 25 randomly selected workers were being paid as low as RMB 4.31 per hour in August 2011. Furthermore, about 15% of the total workers could not meet the local minimum wage standard.

Sources: document review, management interview

Legal References: PRC Labor Law article 48; Opinion of the Ministry of Labor on Several Questions concerning the Implementation of the Labor Law (1995), Article 57

**Action
Verified
Date:** 10/13/2011

Follow-up Asics requires the factory to pay local minimum wage.

**Plan of
Action:** November 8, 2012: Asics visited the factory and checked 5 randomly selected workers' wages from each section. Then, Asics verified that these 5 selected workers received more than minimum wage.

Wages, Benefits and Overtime Compliance: Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Noncompliance

Explanation: This information could not be verified, because the factory did not provide the employee payrolls for review during the audit.

Plan Of Action: Asics requires the factory to provide precise and complete personnel documents during future audits.

Deadline Date: 08/08/2008

Supplier CAP: Factory will keep the complete personnel documents of workers. Factory will provide personnel files for review during future audits.

Supplier CAP Date: 08/08/2008

Action Taken: Asics visit on June 5, 2009 and supplier update: Factory has kept complete documents of workers and is ready to show these documents at any time when auditors visit their facility.

November 30, 2009: Factory has provided precise and complete personnel files for document review.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: Yes

Action Verified Text: Completed: All production workers' wages were calculated from piece rate records.

Text: Sources: document review, management interview

Action 10/13/2011

Verified

Date:

Wages, Benefits and Overtime Compliance: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation: The factory did not pay the overtime premium for workers. Management and worker interviews found that no overtime premium was paid to workers for their overtime on weekdays and rest days, because workers were paid by a piece rate. According to workers, 2 trainees received RMB 10 for 3 hours of overtime on weekday nights (RMB 3.33 per hour); this was below the legal rate of RMB 7.33 per hour for regular overtime.

Legal Reference: China Labor Law, Article 44

Plan Of Action: Asics requires the factory to compensate overtime benefits according to the law. Asics requires the factory to pay workers at least minimum wage.

Deadline Date: 01/25/2009

Action Taken: Asics visit on June 5, 2009 and supplier update: On the advice of the local labor bureau, the factory has regulated minimum wage in their rules. They have paid overtime benefits, but its practices were inappropriate. Factory has applied the overtime premium according to labor law, including trainees.

November 30, 2009:

1. Factory is paying legal overtime.
2. Factory is paying legal premium overtime based on legal minimum wage.

Plan Complete: Yes

Plan Complete Date:	12/01/2009
Action Verified:	No
Action Verified Text:	<p><u>Ongoing</u>: Only 100% of normal piece rate was paid to all production workers for all kinds of overtime hours.</p> <p><u>Sources</u>: document review; management and worker interviews</p> <p><u>Legal Reference</u>: PRC Labor Law, Article 44</p>
Action Verified Date:	10/13/2011
Follow-up Plan of Action:	<p>Asics requires the factory to pay premium overtime wage.</p> <p><u>November 8, 2012</u>: Asics visited the factory and checked 5 randomly selected workers' wages from each section. Then, Asics verified that these 5 selected workers received premium overtime wages.</p>

Wages, Benefits and Overtime Compliance: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Noncompliance

Explanation: The factory did not provide overtime premium for workers. Management interview found that no overtime premium was paid to workers for their overtime on weekdays and rest days because workers were paid by piece rate. Also, according to worker interviews, 2 trainees were paid on a daily rate during their training periods; they received RMB 10 for 3 hours of overtime on weekday nights (RMB 3.33 per hour). This rate was below the legal rate of RMB 7.33 per hour for regular overtime.

Legal Reference: China Labor Law, Article 44

Plan Of Action: Asics requires the factory to compensate overtime benefits according to the law. Asics requires the factory to pay workers at least minimum wage.

Deadline Date: 01/25/2009

Action Taken: [Asics visit on June 5, 2009 and supplier update:](#) Factory has regulated minimum wage in their rules with the advice of local labor bureau. Factory has paid overtime benefits, but its practices were inappropriate. Factory has applied the overtime premium according to labor law, including trainees.

[November 30, 2009:](#)

1. Factory is paying legal overtime.
2. Factory is paying legal premium overtime based on legal minimum wage.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: No

Action Verified Text: [Ongoing:](#) Only 100% of normal piece rate was paid to all production workers for all kinds of overtime hours.

[Sources:](#) documents review; management and worker interviews

[Legal Reference:](#) PRC Labor Law, Article 44

Action Verified Date: 10/13/2011

Follow-up Plan of Action: [Asics requires the factory to pay premium overtime wage.](#)

[November 8, 2012:](#) Asics visited the factory and checked 5 randomly selected workers' wages from each section. Then, Asics verified that these 5 selected workers received premium overtime wages.

Wages, Benefits and Overtime Compliance: Overtime Compensation Awareness

WBOT.11 Workers shall be informed, orally and in writing, about overtime compensation rates prior to undertaking overtime. (P)

Noncompliance

Explanation: Workers did not know how the overtime premium was calculated. Most workers were unaware of their overtime compensation calculations. There was no relevant policy on wages and benefits posted in workshops.

Plan Of Action: Asics requires the factory to conduct the wage calculation training for workers. Asics requires the factory to post the wage and benefit policy in the workplace.

Deadline Date: 09/27/2008

Action Taken: Asics visit on June 5, 2009 and supplier provided photo: Factory has regulated legal minimum wage in their rules with the advice of local labor bureau. The wage calculation method is posted in a prominent place in the site to ensure workers' awareness.

November 30, 2009:

1. Factory is paying minimum wage based on production quantity in the normal working hours.

2. Factory has posted wage and benefit policy in the workplace for workers' awareness.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: No

Action Verified: Pending: Most workers were unaware of their overtime compensation calculations. There was no relevant policy on wages and benefits posted in workshops.

Text: Sources: document review, worker interviews

Action 10/13/2011

Verified

Date:

Follow-up Asics requires the factory to post the wage calculation method in the facility and
Plan of implement the training of wage calculation to workers.
Action:

Wages, Benefits and Overtime Compliance: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Noncompliance

Explanation: The factory refused to provide payrolls during the audit and therefore this information could not be verified.

Remark: Factory management explained that the payrolls were packed and it was inconvenient to unpack them.

Source: Payment of Wage Tentative Provisions, Article 6

Plan Of Asics requires the factory to provide precise and complete personnel documents during
Action: future audits.

Deadline 08/08/2008

Date:

Supplier The factory will keep the complete personnel documents of workers. The factory will
CAP: provide personnel files for review during future audits.

Supplier 08/08/2008

CAP Date:

Action Taken:	Asics visit on June 5, 2009 and supplier update: Factory now maintains documentation of all workers, and is ready to show these documents at any time when auditors visit their facility.
	November 30, 2009: Factory has provided precise and complete personnel files for document review.
Plan Complete:	Yes
Plan Complete Date:	12/01/2009
Action Verified:	Yes
Action Verified Text:	Completed: All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives were calculated and recorded accurately.
	Source: document review
Action Verified Date:	10/13/2011

Wages, Benefits and Overtime Compliance: Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Noncompliance

Explanation: [This could not be verified, because the factory refused to provide the payrolls for review during the audit.](#)

[Legal Reference:](#) Payment of Wages Tentative Provisions, Article 6

Plan Of Action: [Asics requires the factory to provide precise and complete personnel documents during future audits.](#)

**Deadline
Date:** 08/08/2008

**Supplier
CAP:** The factory will keep the complete personnel documents of workers. The factory will provide personnel files for review during future audit.

**Supplier
CAP Date:** 08/08/2008

**Action
Taken:** Asics visit on June 5, 2009 and supplier update: Factory has kept complete documents of workers, and is ready to show these documents at any time when auditors visit their facility.

November 30, 2009: Factory has provided precise and complete personnel files for document review.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 12/01/2009

**Action
Verified:** No

**Action
Verified
Text:** Completed: The factory had provided sufficient payrolls and time attendance records for review during this audit.

Source: document review

**Action
Verified
Date:** 10/13/2011

Wages, Benefits and Overtime Compliance: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: The factory did not train its workforce on wages and benefits. The workers do not know how their wages are calculated.

Plan Of Action: Asics requires the factory to conduct the wage calculation training for workers. Asics requires the factory to post the wage and benefit policy in workplace.

Deadline Date: 09/27/2008

Action Taken: Asics visit on June 5, 2009 and supplier provided photo: The wage calculation method is posted in a prominent place in the factory in order to ensure worker awareness.

November 30, 2009:

1. Factory has posted wage calculation in the workplace for workers' awareness.
2. Factory has posted wage and benefit policy in the workplace for workers' awareness.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: No

Action Verified Text: Ongoing: The factory did not train its workforce on wages and benefits (only communicated with workers orally on wage calculation method), and workers do not know how their wages are calculated.

Sources: management and worker interviews

Action 10/13/2011

Verified

Date:

Follow-up Asics requires the factory to post the wage calculation method in the facility and
Plan of implement the training of wage calculation to workers.
Action:

Wages, Benefits and Overtime Compliance: Worker Wage Access to Information

WBOT.25 Workers shall have access to understandable information from their employer about their wages and benefits. (P)

Noncompliance

Explanation: The workers did not know how to calculate their wages and overtime compensation. Interviewed workers stated that they did not know how to calculate their wage and overtime compensation. The interviewees also noted that management refused to tell them how their wages were calculated.

Plan Of Asics requires the factory to conduct the wage calculation training for workers. Asics
Action: requires the factory to develop a procedure that allows workers to understand their wages and benefits.

Deadline 09/27/2008
Date:

Action Asics visit on June 5, 2009 and supplier provided photo: The wage calculation method is
Taken: posted in a prominent place in the factory in order to ensure worker awareness.

November 30, 2009: Partially implemented. Asics has asked factory to submit the plan of periodic training on how to handle workers when they approach and have anything on their mind.

Plan Yes
Complete:

Plan 12/01/2009
Complete
Date:

Action Verified: No

Action Verified Text: [Ongoing:](#) The factory did not train its workforce on wages and benefits (only communicated with workers orally on wage calculation method), and workers do not know how their wages are calculated.

[Sources:](#) management and worker interviews

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to post the wage calculation method in the facility and implement the training of wage calculation to workers.

Wages, Benefits and Overtime Compliance: Wage Receipt

WBOT.27 All payments of wages and benefits in cash and in-kind made directly to the worker must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (signature, thumbprint, etc.). No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so. (P)

Noncompliance

Explanation: [The workers had no signatures on the payrolls for confirmation. According to management and worker interviews, workers had no signature on payrolls for confirmation purposes.](#)

[Legal Reference:](#) Payment of Wages Tentative Provisions, Article 6

Plan Of Action: Asics requires the factory to ensure they keep workers' signatures on payrolls for confirmation purposes.

Deadline Date: 09/27/2008

Action Taken: [Asics visit on June 5, 2009 and supplier provided photo: Wage receipt signature is not possible, because the factory pays workers via bank transfer. The factory has started providing pay slips to all workers.](#)

[November 30, 2009: Factory provides pay slips to all workers.](#)

Plan Complete: [Yes](#)

Plan Complete Date: [12/01/2009](#)

Action Verified: [Yes](#)

Action Verified Text: [Completed: All workers' wages were paid through bank transfer, so no need to require workers to sign on the payroll records for confirmation.](#)

[Sources: document review, worker interviews](#)

Action Verified Date: [10/13/2011](#)

Forced/Compulsory Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation: [The factory did not provide personnel files for review during the audit. Workers' valid official identification documents were not provided. The factory only provided the labor contracts for review. The management explained that these copies of official identification documents were packed together with personnel files and refused to provide them.](#)

Plan Of Action: [Asics requires the factory to provide precise and complete personnel documents during future audits.](#)

**Deadline
Date:** 08/08/2008

**Supplier
CAP:** Factory keeps the copies of the workers' ID cards. Factory will provide personnel files for review during future audits.

**Supplier
CAP Date:** 08/08/2008

**Action
Taken:** Asics visit on June 5, 2009 and supplier update: Factory now keeps complete documentation of all workers and is ready to show these documents at any time when auditors visit their facility.

November 30, 2009: Factory has provided precise and complete personnel files for document review.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 12/01/2009

**Action
Verified:** Yes

**Action
Verified
Text:** Completed: The factory provided employee roster and employees' copies of IC cards for review.

Source: document review

Legal Reference: PRC LMI [2003] No. 9 III(II)

**Action
Verified
Date:** 10/13/2011

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: **FLA Comment:** The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Plan Of Action: Asics requires the factory to organize the training about Freedom of Association (FOA) and Collective Bargaining Agreement for workers and to ensure their rights.

Deadline Date: 01/25/2009

Supplier CAP: Factory will encourage workers to organize a trade union in November. HR staff will take the responsibility of training Freedom of Association and will encourage workers to organize trade union voluntarily.

Supplier CAP Date: 12/31/2008

Action Taken: November 30, 2009: The factory has no worker awareness training to ensure them their rights of Freedom of Association and Collective Bargaining. Asics has asked factory to submit the training plan and inform the date of training.

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

**Action
Verified
Text:** Pending: Nothing has changed with Freedom of Association in the facility. No evidence indicated that workers had been trained on Freedom of Association or Collective Bargaining, or that workers had been encouraged to organize a trade union. No evidence proved that factory management stopped workers from organizing a union or raising any concern. Currently, there was no existing trade union in the facility.

Sources: management and worker interviews

**Action
Verified
Date:** 10/13/2011

**Follow-up
Plan of
Action:** 1. Asics requires the factory to organize the training about Freedom of Association and Collective Bargaining Agreement for workers and to ensure their rights.

2. Asics requires the factory to communicate with workers' representation and maintain the records as meeting minutes, etc.

March 11, 2013: The factory elected a union leader by vote in 2012. The previous union leader was the factory's owner, but the current leader is one of the employees. We think that FOA activity is still not enough, but it has progressed anyway.

Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: Based on document review, there is no grievance procedure available in the factory. The factory had no internal communication or grievance system through which workers can raise issues of concern to factory management.

Plan Of Action: Asics requires the factory to set up an internal grievance policy and procedure. Asics requires the factory to set up the workers' committee, etc., to start a dialogue with workers until the trade union is established.

Deadline Date: 01/25/2009

Action Taken: November 30, 2009: There is no grievance system in the factory to ensure workers can give their suggestions, grievances, and compliances. Asics has asked the factory to establish a grievance system on site and shall communicate to workers about the system and procedures.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Ongoing: No grievance procedure was available in the factory. The factory had no internal communication or grievance system through which workers can raise issues of concern to factory management.

Sources: document review; management and worker interviews

Action 10/13/2011

Verified

Date:

Follow-up Asics requires the factory to establish the grievance system and inform workers it has no
Plan of retribution against them.

Action:

March 7, 2013: The factory replied that the factory has established a grievance system, and suggestion boxes have been opened and treated by a third person who is outside of the factory.

Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

Noncompliance

Explanation: Based on document reviews conducted during the audit, the factory did not maintain discipline records.

Plan Of Asics requires the factory to maintain the discipline records according to the discipline
Action: policy.

Deadline 08/28/2008

Date:

Action November 30, 2009: There was a system to record disciplinary practice based on
Taken: discipline policy; however, there is no clear disciplinary procedure and are incomplete disciplinary practices. Asics requested the factory to review the disciplinary recording practices and to send a corrective action plan to Asics.

Plan No

Complete:

Plan
Complete
Date:

Action Verified: No

Action Verified: [Pending:](#) The factory did not maintain discipline records.

Text: [Sources:](#) document review, management interview

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to maintain discipline records.

Action: [March 7, 2013:](#) The factory replied that the factory has not implemented a discipline record so far.

Harassment or Abuse: Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

Noncompliance

Explanation: [Based on management interview,](#) the factory did not provide disciplinary training for the management staff.

Plan Of Action: [Asics requires the factory to conduct disciplinary training for management staff.](#)

Deadline Date: 09/27/2008

Action Taken: [November 30, 2009:](#) There is no grievance training to management.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Pending: The factory did not provide disciplinary training for the management staff.
Source: document review, management interview

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to establish the grievance system and implement training to the management staff.
March 7, 2013: The factory replied that the factory has established a grievance system, and suggestion boxes have been opened and treated by a third person who is outside of the factory. However, Asics has not gotten the factory's training record so far.

Child Labor: Proof of Age Documentation

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

Noncompliance

Explanation: The factory did not provide the age documents of workers for review during the audit.

Plan Of Action: Asics requires the factory to provide precise and complete personnel documents during future audits. Asics requires the factory to set up a mechanism of maintaining age documentation and age verification to ensure no child labor is used.

Deadline Date: 08/08/2008

Supplier CAP: Factory will keep the complete personnel documents of all workers. Factory will provide personnel files for review during future audits.

Supplier CAP Date: 08/08/2008

Action Taken: [Asics visit on June 5, 2009 and supplier update and provided photo:](#) Factory has kept complete documents of workers, and is ready to show these documents at any time when auditors visit their facility. Factory has provided the complete list of workers to ensure workers' age. According to the advice of the local public security officer, the factory started not only conducting ID checks, but also confirms family member, address and phone number of family address.

[November 30, 2009:](#) Factory has provided precise and complete personnel files for document review.

Plan Complete: Yes

Plan Complete Date: 06/17/2009

Action Verified: No

Action Verified Text: [Ongoing:](#) The factory had provided workers' copies of ID cards, but no personnel files for review. Moreover, 2 workers used other persons' ID cards when the factory recruited them.

[Sources:](#) document review, management interview

Action Verified Date: 10/13/2011

Follow-up Plan of Action:

1. Asics requires the factory to maintain every worker's personnel file.
2. Asics requires the factory to confirm the age of workers by more than 2 documents, such as ID card, graduation certificate, family register, and so on, when recruiting new workers.

[January 1, 2013:](#)

2. The factory has required new employees to submit their ID cards and graduation certificates.

Child Labor: Other Means of Age Verification

CL.4 In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context. (P)

Uncorroborated Evidence of Noncompliance

Explanation: Based on management review, management staff did not recognize the importance of a thorough hiring procedure; e.g., a procedure to identify the authenticity of the ID cards provided by applicants. Because of this, there was a risk that the factory would unintentionally let child labor in.

Plan Of Action: Asics requires the factory to develop a written policy on child labor. Asics requires the factory to develop a hiring procedure to prevent the use of false IDs.

Deadline Date: 09/27/2008

Supplier CAP: The factory will make sure to check the validity of ID cards. Factory will check the real face of the worker and the photos on ID cards.

Supplier CAP Date: 09/27/2008

Action Taken: Asics visit on June 5, 2009 and supplier update: Factory has provided the complete list of workers to ensure workers' ages. According to the advice of a local public security officer, the factory not only conducts ID checks, but also confirms the contact information (address and phone number) of the worker's family.

November 30, 2009: There is no child labor policy and the hiring process has no age verification procedure. Asics has asked the factory to establish a child labor policy and procedure.

Plan Complete: No

Plan Complete Date: 06/17/2009

Action Verified: No

Action Verified Text: [Pending: The management staff did not recognize the importance of a detailed hiring procedure; e.g., a procedure to identify the authenticity of the ID cards provided by applicants. Because of this, there was a risk that the factory would unintentionally let child labor in.](#)

[Sources: document review, management interview](#)

Action Verified Date: 10/13/2011

Follow-up Plan of Action: [Asics requires the factory to confirm the age of workers by more than 2 documents, such as ID card, graduation certificate, family register, and so on, when recruiting new workers.](#)

[January 1, 2013:](#)

[2. The factory has required new employees to submit their ID cards and graduation certificates.](#)

Child Labor: Employment of Young Workers

CL.6 Employers shall comply with all relevant laws that apply to young workers (i.e., those between the minimum working age and the age of 18) including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime. (P)

Noncompliance

Explanation: [1. The factory did not provide 9 juvenile workers with periodic health examinations.](#)

[2. 6 out of 9 juvenile workers were not registered with the local labor bureau.](#)

[Legal References: 1\) China Law, Article 65; 2\) Regulations for the Special Protection of Juvenile Labor \(Document No. 498, 1994\), Article 9](#)

Plan Of Action: [1. Asics requires the factory to conduct health examinations on all juvenile workers.](#)
[2. Asics requires the factory to register all juvenile workers with the local labor bureau. Asics requires the factory to develop a written procedure for the protection of juvenile workers and to conduct juvenile protection training for management staff.](#)

**Deadline
Date:** 10/27/2008

**Supplier
CAP:** All juvenile workers resigned from the factories by their own decision. The factory will only hire workers above 18 years old. The factory will also check ID cards carefully.

**Supplier
CAP Date:** 08/28/2008

**Action
Taken:** November 30, 2009:

1. To ensure the protection of juvenile workers, Asics has asked the factory to establish a juvenile protection policy.
2. To ensure the protection of juvenile workers, Asics has asked the factory to establish a juvenile protection policy. There is no written procedure for juvenile protection yet. No awareness training has been given to management about juvenile protection.

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

**Action
Verified
Text:** Pending: No government registration had been done for juvenile workers and no health examination had been provided to juvenile workers.

Sources: document review, management interview

Legal References: PRC Regulations for the Special Protection of Juvenile Employees (Document No.498), Articles 6 and 9

**Action
Verified
Date:** 10/13/2011

Follow-up Plan of Action:

1. Asics requires the factory to register juvenile workers with the local labor bureau.
2. Asics requires the factory to implement health examinations for juvenile workers.

November 8, 2012: Asics visited the factory and the factory replied that there are no juvenile workers anymore, because the youngest worker in the factory is 18 years old.

Child Labor: Hazardous Work for Young Workers

CL.7 No person under the age of 18 shall undertake hazardous work, i.e., work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of persons under the age of 18. (S)

Noncompliance

Explanation: 7 out of 9 juvenile workers were exposed to hazardous working conditions, such as with the toxic chemicals being used in the factory.

Legal Reference: China Labor Law, Article 64

Plan Of Action: Asics requires the factory to develop a written policy for the protection of juvenile workers. The policy shall indicate the work that juvenile workers are allowed to do. Asics requires the factory to conduct juvenile protection training for management staff.

Deadline Date: 09/27/2008

Supplier CAP: Factory will plan juvenile protection training for management staff.

Supplier CAP Date: 01/25/2009

Action Taken: November 30, 2009: To ensure the protection of juvenile workers, Asics has asked the factory to establish the juvenile protection policy. To ensure juvenile workers are protected from hazardous work, Asics has asked the factory to establish a juvenile protection policy to provide for the safety and wellbeing of juvenile workers. Asics has asked the factory to describe concrete jobs that juvenile workers are allowed to work on site. There is no awareness training for management about juvenile protection.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Ongoing: 1 out of 7 juvenile workers were exposed to hazardous working conditions, such as with the toxic chemicals being used in the factory.

Source: factory tour

Legal Reference: PRC Occupational Disease Prevention Law, Article 35

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to change their working place in the facility.
November 8, 2012: Asics visited the factory and the factory replied that there are no juvenile workers anymore, because the youngest worker in the factory is 18 years old.

Child Labor: Young Worker Identification System

CL.8 Employers shall have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws. (P)

Uncorroborated Evidence of Noncompliance

Explanation: Based on management review, management staff did not recognize the importance of a thorough hiring procedure; e.g., a procedure to identify the authenticity of the ID cards provided by applicants. Because of this, there was a risk that the factory would unintentionally let child labor in.

Plan Of Action: Asics requires the factory to develop a written policy on child labor. Asics requires the factory to develop a hiring procedure to prevent the use of false IDs.

**Deadline
Date:** 09/27/2008

**Supplier
CAP:** The factory will make sure to check the validity of ID cards. Factory will check the real face of the worker and the photos on ID cards.

**Supplier
CAP Date:** 09/27/2008

**Action
Taken:** Asics visit on June 5, 2009 and supplier update: Factory has provided the complete list of workers to ensure workers' age. According to the advice of a local public security officer, the factory not only conducts ID checks, but also confirms the contact information (address and phone number) of the worker's family.

November 30, 2009: There is no child labor policy and the hiring process has no age verification procedure. Asics has asked the factory to establish a child labor policy and procedure.

**Plan
Complete:** No

**Plan
Complete
Date:** 06/17/2009

**Action
Verified:** No

**Action
Verified
Text:** Pending: The factory management was unaware of the rights of juvenile workers. They did not establish a system to protect young workers from engagement in hazardous work.

Sources: document review, management interview

**Action
Verified
Date:** 10/13/2011

Follow-up Plan of Action: Asics requires the factory to establish and respect the policy to protect young workers.
November 8, 2012: Asics visited the factory and the factory replied that there are no juvenile workers anymore, because the youngest worker in the factory is 18 years old. The factory does not hire juvenile workers. The factory rule has banned hiring workers under 18 years of age, and the factory has checked their ID and graduation certificate.

Non-Discrimination: Employment Decisions

D.2 All employment decisions shall be made solely on the basis of a person's qualifications, in terms of education, training, experience, demonstrated skills and/or abilities, as they relate to the inherent requirements of a particular job. (P)

Noncompliance

Explanation: Worker manual review and worker interviews found that the factory had age limitations for certain positions. For example, sample-making workers must be between 20-35 years old, while warehouse staff must be between 25-35 years old.

Plan Of Action: Asics requires the factory to develop a fair hiring policy without age discrimination. Applicants shall be evaluated only by their working capability. Age limitations should be stopped immediately.

Deadline Date: 08/28/2008

Supplier CAP: The current employers' handbook had certain regulations, but the factory never enforced them. For example, some of the sample room workers are above 40 years old.

Supplier CAP Date:

Action Taken: November 30, 2009: Asics encourages the factory to make their best effort to make an assignment according to one's own ability.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: No

Action Verified Text: [Pending:](#) The factory had age limitations for certain positions. For example, sample-making workers must be between 20-35 years old, while warehouse staff must be between 25-35 years old.

[Sources:](#) document review, management interview

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to delete age limitations from the factory regulations and to establish a new regulation and respect it. November 8, 2012: Asics visited the factory and the factory replied that they have eliminated age limitation from the company's written policy.

Non-Discrimination: Protection and Accommodation of Pregnant Workers and New Mothers

D.9 Employers shall abide by all protective provisions in local laws and regulations benefiting pregnant workers and new mothers, including maternity leave/benefits, prohibitions regarding night work, temporary reassignments away from work that pose risk to the health of women and their children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities. Where such legal protective provisions are lacking, employers to take reasonable measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including wages and benefits of pregnant women. (P)

Noncompliance

Explanation: [Management and worker interviews found that the factory did not provide maternity leave to pregnant workers. The pregnant workers said that they would generally resign from the factory and return to their hometown; they would not apply for maternity leave because they did not know they were entitled to this benefit. The factory management had no knowledge that workers had such a benefit according to the interview.](#)

[Legal Reference:](#) China Labor Law, Article 62

Plan Of Action: Asics requires the factory to review the maternity leave policy and requires the factory to ensure workers are aware of this policy.

**Deadline
Date:** 09/27/2008

**Supplier
CAP:** Normally, after giving birth of a baby, workers tend to go back their hometown to rest and take care of the baby for 1-2 years.

**Supplier
CAP Date:** 08/28/2008

**Action
Taken:**

**Plan
Complete:** Yes

**Plan
Complete
Date:** 12/01/2009

**Action
Verified:** No

**Action
Verified
Text:** Pending: The factory did not provide maternity leave to pregnant workers. The pregnant workers said that they would generally resign from the factory and return to their hometown; they would not apply for maternity leave because they did not know they were entitled to this benefit. The factory management had no knowledge that workers had such a benefit according to the interview.

Sources: document review; management and worker interviews

Legal Reference: PRC Labor Law, Article 62

**Action
Verified
Date:** 10/13/2011

**Follow-up
Plan of
Action:** Asics requires the factory to provide maternity leave to pregnant workers. Asics requires the factory to educate management and workers, so that they know workers are entitled such a benefit.

March 11, 2013: The factory established an internal written guideline about maternity leave.

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: According to management, the company did not inform them of the association between Asics and the FLA. In addition, the factory staff had no knowledge of the FLA.

Plan Of Action: Asics requires the agent to educate management about the FLA and about the relationship between Asics and the FLA.

Deadline Date: 09/27/2008

Action Taken: November 30, 2009: Code of Fair Labor Association obligation has been communicated to management.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: Yes

Action Verified Text: Completed: The company had informed the factory of the association between Asics and the FLA. In addition, the factory staff knew about the FLA.

Source: management interview

Action Verified Date: 10/13/2011

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: According to management, the company held training meetings for factory management and a few workers. But, the training did not appear to be effective for the following reasons:

1. The workforce had no knowledge of the company's name or the code of conduct (COC).
2. Management's knowledge of the code obligations was quite poor.

Plan Of Action: Asics requires the agent to conduct oral AND written training about the code of conduct.

Deadline Date: 09/27/2008

Supplier CAP: The factory will post the related materials to help workers learn more.

Supplier CAP Date: 11/30/2008

Action Taken: November 30, 2009:

1. Factory has been communicated the Asics COC.
2. Factory has not trained workers to ensure their awareness of Asics' COC. Asics has asked the factory to make a plan on the training schedule of Asics' COC.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Ongoing: The company held training meetings for factory management and a few workers. But, the training did not appear to be effective for the following reasons:

1. The workforce had no knowledge of the company's name or the COC.
2. The management's knowledge of the code obligations was quite poor.

Sources: management and worker interviews

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to implement training sessions about Asics' COC.
November 8, 2012: Asics visited the factory and verified that the COC is posted in the canteen. Workers are aware of the Asics' COC content.

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: According to worker interviews and a review of the COC, there is no reporting mechanism between workers and the company. No contacts to the company were included in the COC, which was posted at the entrance to the workshop. Workers also confirmed that they had never heard of such a reporting mechanism.

Plan Of Action: Asics requires the factory to attach our local contact point call at the bottom of poster. Asics requires the factory to start workers' dialogue and encourage workers to organize trade union. Before then, Asics requires the factory to set up the workers' committee for workers' suggestions and grievances. Asics requires the factory to monthly record suggestions and grievances and the factory's actions.

Deadline Date: 01/25/2009

Supplier CAP: Factory will now educate workers on how to contact the company with the grievance reporting system.

Supplier CAP Date: 01/25/2009

Action Taken: November 30, 2009: There is no workers' committee. There is no grievance system in the factory to ensure workers can give their suggestions, grievances and compliances.

November 11, 2011: The factory has attached Asics' local contact point call at the bottom of COC poster in the canteen.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Pending: There was no reporting mechanism between workers and the company.
Sources: document review; management and worker interviews

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to attach our local contact point call at the bottom of the COC poster and post it in the prominent place.

November 8, 2012: Asics visited the factory and verified that the factory has posted Asics' COC and local point call in the canteen.

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation: Document review found that the factory did not have a written H&S policy and management was not aware of health and safety regulations, such as the periodic inspection of fire extinguishers.

Plan Of Action: Asics requires the factory to develop an H&S policy and requires the agent to instruct factory management to review the H&S policy and procedures. Asics requires the factory to organize an H&S training of policy and procedure for workers' awareness.

Deadline Date: 10/27/2008

Supplier CAP: Management has appointed a person to lead H&S training. By the end of 2008, some of the training will be finished.

Supplier CAP Date: 12/31/2008

Action Taken: November 30, 2009:

1. There are no written documents of the H&S policy.
2. Factory is requested to renew their awareness of H&S law.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified [Pending: The factory did not establish a written H&S policy and management was not aware of H&S regulations.](#)

Text: [Sources: document review, management interview](#)

Action Verified [10/13/2011](#)

Date:

Follow-up Plan of Action: [November 10, 2011: Asics visited the factory and confirmed that there was a written H&S policy. Asics requires the factory to give notice of H&S regulations to the management.](#)

Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: [The factory did not establish a written H&S management system and management was not aware of H&S regulation, such as periodic inspection of fire extinguishers.](#)

Plan Of Action: [Asics requires an agent to instruct factory management to review the H&S management system. Asics requires the factory to set up an H&S Committee or appoint a certain member of personnel to be in charge and inspect all the H&S problems on a regular basis and update all relevant certificates.](#)

Deadline Date: [10/27/2008](#)

Supplier CAP: [Factory will arrange the trainings of H&S, fire drill, chemical safety, machine safety, etc.](#)

Supplier CAP Date: [12/31/2008](#)

Action Taken: [Asics visit on June 5, 2009 and supplier update:](#) The factory is gathering the information on the H&S policy and strengthening H&S efforts. The related work will be finished in December 2009.

[November 30, 2009:](#) Asics has asked factory management to renew their awareness of H&S law.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified: [Pending:](#) The factory did not establish a written H&S management system and management was not aware of H&S regulations.

Text: [Sources:](#) document review, management interview

Action Verified Date: 10/13/2011

Follow-up Plan of Action: [November 10, 2011:](#) Asics visited the factory and confirmed that there was a written H&S policy. Asics requires the factory to give notice of H&S regulations to the management.

Health and Safety: Communication to Workers

H&S.6 The health and safety policy shall be communicated to all workers in the local language or language(s) spoken by workers if different from the local language. (P)

Noncompliance

Explanation: Management and worker interviews found that the factory did not train the employees on H&S issues. Interviewees stated that they did not know H&S regulations.

Plan Of Action: Asics requires the factory to organize H&S training for management and workers.

Deadline Date: 10/27/2008

Supplier CAP: Factory will arrange health and safety trainings that cover fire safety, chemical safety, and machine safety.

Supplier CAP Date: 12/31/2008

Action Taken: November 30, 2009: Factory has organized worker awareness training for H&S policy and practices.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: No

Action Verified: Pending: The factory did not train the employees on H&S.

Text: Sources: document review; management and worker interviews

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to implement a training session on H&S for the workers.

Health and Safety: Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Noncompliance

Explanation: 7 out of 9 juvenile workers were exposed to hazardous working conditions, such as with the toxic chemicals being used in the factory.

Legal Reference: China Labor Law, Article 64

Plan Of Action: Asics requires the factory to develop a written policy for the protection of juvenile workers. The policy shall indicate the work that juvenile workers are allowed to do. Asics requires the factory to conduct juvenile protection training for management staff.

Deadline Date: 09/27/2008

Supplier CAP: Factory will plan juvenile protection training for management staff.

Supplier CAP Date: 01/25/2009

Action Taken: November 30, 2009: To ensure the protection of juvenile workers, Asics has asked the factory to establish a juvenile protection policy. To ensure that juvenile workers are protected from hazardous work, Asics has asked the factory to establish the juvenile protection policy to provide for their safety and wellbeing. Asics has asked the factory to describe concrete jobs that juvenile workers are allowed to do on site. There is no awareness training for management about juvenile protection.

Plan Complete: No

**Plan
Complete
Date:**

**Action
Verified:** Yes

**Action
Verified
Text:** Completed: The factory had maintained accident records in place.
Source: document review

**Action
Verified
Date:** 10/13/2011

Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation: 1. The factory did not monitor dust emission in the polishing department.

2. The factory did not conduct air quality tests in the workshop where glues and paints were used.

3. The factory did not designate a qualified supplier to dispose of the hazardous waste.

4. The factory did not provide fire safety certificates for production and dormitory building. (Remark: The factory had a preliminary approval on fire safety for its buildings.)

5. The factory did not provide occupational health examinations to workers exposed to chemical hazards.

Legal References: 1) Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Article 12; 2) Regulations on Safety in Workplaces Where Chemicals Are Used, Article 15; 4) Fire Prevention Law of the People's Republic of China, Article 10; 5) China Labor Law, Article 54

Plan Of Action:	<p>1. Asics requires the factory to maintain adequate ventilation, such as local exhaust ventilation.</p> <p>2. Asics requires the factory to apply for air test with local authority.</p> <p>3. Asics requires the factory to designate a qualified supplier to dispose of the hazardous waste.</p> <p>4. Asics requires the factory to obtain fire safety certificates for production and dormitory building.</p> <p>5. Asics requires the factory to conduct health examinations for workers using hazardous chemicals.</p>
Deadline Date:	01/25/2009
Supplier CAP:	<p>1. The factory will conduct dust emission monitoring and improve the quality of the air in the factory.</p> <p>2. The factory will conduct an air quality test where glues and paints are used. The factory will complete the air test.</p> <p>3. The factory is under improvement. Factory will ask the related authority for inspection and will apply for the certificate of the fire safety license.</p> <p>4. Chemical wastes and living wastes will be separately disposed of.</p> <p>5. Asics requires the factory to provide periodical health checks for workers in the gluing and chemical warehouse.</p>
Supplier CAP Date:	12/31/2008

Action Taken: June 30, 2009: Factory has reported they will be completing the action plan on about July 20, 2009.

November 30, 2009:

1. The ventilation condition in the workshop is good.
2. There was no air quality test yet.
3. There was no qualified supplier to dispose of the hazardous waste yet.
4. Factory has a fire safety certificate.
5. Factory has conducted health examinations for workers using hazardous chemicals.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Ongoing:

1. The factory had monitored dust emission in the polishing section.
2. The factory had conducted air quality tests in the workshop where glues and paints were used.
3. The hazardous wastes, including empty containers, were generated from the washing department. The wastes were submitted to the provider; however, the factory could not provide relevant qualification.
4. The factory did not provide fire safety certificates for production and the dormitory building.

Sources: document review, management interview

Legal References: PRC Law of Prevention and Treatment of Environmental Pollution by Solid Wastes, Article 57; PRC Fire Prevention Law, Article 11

Action 10/13/2011

Verified

Date:

Follow-up 3. Asics requires the factory to cover the empty containers by plastic sheets. Asics
Plan of requires the factory to obtain a copy of qualification from the provider, and then send
Action: the copy to Asics.

4. Asics requires the factory to obtain the fire safety certificates for production and dormitory building, and then send a copy to Asics.

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. Site observation found that no exit sign, emergency lights, and evacuation plans were available in warehouse and dormitory.

2. Site observation found that materials were blocking 1 exit in the warehouse.

3. Management and workers interview found that the factory did not conduct fire drill.

4. Management interview found that the fire fighting equipment was not inspected periodically in the past 1 year because they thought the supplier would replace it annually.

Legal References: 1) Fire Prevention Law of the People's Republic of China, Sub-paragraph (5), Article 14; 2) Fire Prevention Law of the People's Republic of China, Sub-paragraph (6), Article 14; 3) Fire Prevention Law of the People's Republic of China, Second Sub-paragraph (3), (4), Article 16

Plan Of Action:	<p>1. Asics requires the factory to install exit sign, emergency lights and post evacuation plans in workplace.</p> <p>2. Asics requires the factory to maintain a well-organized workplace.</p> <p>3. Asics requires the factory to conduct fire drills with the workforce.</p> <p>4. Asics requires the factory to conduct regular inspections of firefighting equipment.</p>
Deadline Date:	01/25/2009
Supplier CAP:	<p>1. Factory will install exit sign and emergency lights, and post evacuation plans in warehouse and dormitory.</p> <p>2. Factory will clean the exit and aisle. Factory will check for safe evacuation once a month.</p> <p>3. Factory will arrange the trainings of fire drill. It will be finished in 2008.</p> <p>4. Factory will inspect the fire fighting equipment once a month.</p>
Supplier CAP Date:	12/31/2008
Action Taken:	<p><u>June 30, 2009:</u></p> <p>1. Factory has installed exit sign and emergency lights in warehouse.</p> <p>2. Factory has maintained the exit and aisle clean and keeps the materials out from evacuation route. Factory has reported they will be completing the action plan for this issue on about July 20, 2009.</p>
Plan Complete:	No
Plan Complete Date:	
Action Verified:	Yes

Action Verified Text: Completed:

1. The factory had installed exit signs, emergency lights and evacuation plans in warehouse and dormitory.
2. All exits in the factory were clear.

Source: factory tour

Action Verified Date: 10/13/2011

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: 1. Site observation found that 3 fire extinguishers in warehouse and dormitory were not functioning. The factory did not periodically inspect the fire fighting equipment.

2. Site observation found that goods were blocking some fire extinguishers in the warehouse and workshops.

Legal References: 1) Fire Prevention Law of the People's Republic of China, Sub-paragraph (5), Article 14; 2) Code for Design of Extinguisher Distribution in Buildings (50140-2005), Article 5.1.1

Plan Of Action: 1. Asics requires the factory to conduct regular inspections of firefighting equipment in the warehouse and dormitory.

2. Asics requires the factory to maintain a well-organized workplace.

Deadline Date: 01/25/2009

Supplier CAP:	<p>1. Factory will inspect the fire fighting equipment once a month.</p> <p>2. Factory will check for safe evacuation once a month.</p>
Supplier CAP Date:	12/31/2008
Action Taken:	<p><u>June 30, 2009:</u> Factory has reported they will be completing the action plan for the fire extinguisher issue on about July 20, 2009. Factory has maintained a well-organized workplace.</p> <p><u>November 30, 2009:</u></p> <p>1. Fire extinguishers and fire fighting equipment in warehouse and dormitory were functioning and periodically inspected.</p> <p>2. There were no obstacles on the emergency route.</p>
Plan Complete:	Yes
Plan Complete Date:	12/01/2009
Action Verified:	No
Action Verified Text:	<p><u>Ongoing:</u></p> <p>1. All fire extinguishers were functioning in the factory.</p> <p>2. Goods were blocking around 10% of the fire extinguishers in the factory.</p> <p><u>Source:</u> factory tour</p> <p><u>Legal Reference:</u> PRC Fire Prevention Law, Article 28</p>
Action Verified Date:	10/13/2011

Follow-up 2. Asics requires the factory to remove the goods in front of every fire extinguisher.
Plan of
Action: [March 11, 2013](#): The factory has removed the goods in front of every fire extinguisher.

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: On-site observation found that no personal protective equipment (PPE), such as earplugs and masks, were available in the polishing department. In addition, workers who were using glue were not provided with PPE. Also, no signs or diagrams were posted to remind workers about using PPE.

[Legal Reference](#): China Labor Law, Article 54

Plan Of
Action: Asics requires the factory to provide PPE, such as earplugs and masks, to protect the workforce. Asics requires the factory to post signs or diagrams in the workplace to remind workers of using PPE.

Deadline
Date: 10/27/2008

Supplier
CAP: Factory will provide PPE, such as carbon masks, to workers. Factory will explain the hazards of chemicals and instruct workers to wear PPE. Factory will post the sign to remind workers to use PPE.

Supplier
CAP Date: 12/31/2008

Action Taken: [June 30, 2009](#): Factory has reported they will be completing the action plan for this issue on about July 20, 2009.

[November 30, 2009](#): 1. PPE are provided to the section required to wear it.
2. There are no signs or diagrams posted to remind workers of using PPE.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Ongoing](#): The factory has provided the PPE, such as earplugs and face masks, to its workers. However, workers did not wear or use them properly. Moreover, no signs or diagrams were posted to remind workers about using PPE.

[Source](#): factory tour

[Legal Reference](#): PRC Safety Manufacturing Law, Article 37

Action Verified Date: 10/13/2011

Follow-up Plan of Action: The factory implemented environmental measurements. As a result, the measured values were less than half of government requirements. Therefore, the workers do not have to wear the PPE.

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

- Explanation:**
1. On-site observation found that some chemical containers in warehouse and workshop were not labeled.
 2. On-site observation found that chemicals were stored together with other combustible plastic materials in the workshop.
 3. On-site observation found that no warning signs were available in chemical warehouse.
 4. On-site observation found that chemicals in warehouse and workshop were not provided with secondary containment.
 5. On-site observation found that some empty containers were exposed to the environment. These containers were not protected from rainfall.

Legal References: 1) Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12; 2) Regulations on the Safety Administration of Dangerous Chemicals, Article 22; 3) Regulations on the Safety Administration of Dangerous Chemicals, Article 23

- Plan Of Action:**
1. Asics requires the factory to implement labeling of chemicals for containers in warehouse and workshop.
 2. Asics requires the factory to store hazardous chemicals at an appropriate safety area.
 3. Asics requires the factory to post warning signs in the warehouse.
 4. Asics requires the factory to store chemicals properly by secondary container. Proper handling can reduce or eliminate associated risks. Store chemicals in cabinets and on shelving provided for such storage.
 5. Asics requires the factory to store empty chemical containers under a rainproof facility.

Deadline Date: 10/27/2008

Supplier CAP:	<p>1. The factory will provide PPE such as carbon masks to workers. Factory will explain the hazards of chemicals and instruct workers to wear PPE. The factory will label on chemical containers in warehouse and workshop.</p> <p>2. The factory reported they have already gathered the chemical containers in the chemical warehouse.</p> <p>3. The factory will place warning signs in chemical warehouse.</p> <p>4. Factory will provide chemicals in secondary containers.</p> <p>5. Factory will store empty containers under rainproof facility.</p>
Supplier CAP Date:	12/31/2008
Action Taken:	<p><u>June 30, 2009:</u> Factory has reported they will be completing the action plan for this issue on about July 20, 2009.</p> <p><u>November 30, 2009:</u></p> <p>1. There were still some chemical containers in the warehouse and workshop, which were not labeled.</p> <p>2. Chemicals were stored in a specific and apart part in workshop.</p> <p>3. There were warning signs were available in chemical warehouse.</p> <p>4. There were secondary chemicals containment provided in warehouse and workshop.</p> <p>5. The empty containers were not exposed to the environment without rainproof facility.</p>
Plan Complete:	No
Plan Complete Date:	
Action Verified:	No

Action Verified Text:	<p><u>Ongoing:</u></p> <ol style="list-style-type: none"> 1. Some chemical containers in the warehouse and workshop were not labeled. 2. Chemicals were stored together with other combustible plastic materials in the workshop. 3. No warning signs were available in the chemical warehouse. 4. The chemicals in the warehouse and workshop were not provided with secondary containment. 5. Some empty containers were exposed to the environment. These containers were not protected from rainfall. <p><u>Source:</u> factory tour</p> <p><u>Legal Reference:</u> Regulation For Chemical Usage Safety in Workplace</p>
Action Verified Date:	<p>10/13/2011</p>
Follow-up Plan of Action:	<ol style="list-style-type: none"> 1. Asics requires the factory to label every chemical container in the warehouse and workshops. 2. Asics requires the factory to separate the chemicals and combustible plastic materials in the workshops. 3. Asics requires the factory to post the warning signs in the chemical warehouse. 4. Asics requires the factory to install secondary containers in the warehouse and workshops. 5. Asics requires to the factory to cover the empty containers by plastic sheets. <p><u>March 11, 2013:</u></p> <ol style="list-style-type: none"> 1. The factory has labeled every chemical container in the warehouse and workshops. 2. The factory has separated chemicals and combustible plastic materials in the workshops. 3. The factory has posted warning signs in front of the warehouse. 4. The factory has installed secondary containers in the chemical warehouse.

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: On-site observation found that no MSDS were available in chemical warehouse and workshops.

Legal Reference: Regulations on Safety in Workplaces Where Chemicals Are Used, Article 12

Plan Of Action: Asics requires the factory to provide MSDS in the workplace to be available for each hazardous substance.

Deadline Date: 12/01/2011

Supplier CAP: Factory will post the MSDS in the chemical warehouse and workshop from December 2011.

Supplier CAP Date: 02/01/2012

Action Taken: June 30, 2009: Factory has reported they will be completing the action plan for this issue on about July 20, 2009.

November 30, 2009: There are no MSDS in the chemical warehouse and workshop.

November 11, 2011: Asics visited the factory and urged them to post the MSDS.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action [Pending: No MSDS was available in the chemical warehouse and workshops.](#)

Verified

Text: [Source: factory tour](#)

[Legal Reference: Regulation For Chemical Usage Safety in Workplace](#)

Action [10/13/2011](#)

Verified

Date:

Follow-up [Asics requires the factory to post the MSDS in the chemical warehouse and](#)
Plan of [workshops.](#)

Action: [February 28, 2013: The factory has posted the MSDS in the chemical warehouse and workshops.](#)

Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Noncompliance

Explanation: [On-site observation found that some control panels in workshops and warehouse were missing covers.](#)

Plan Of [Asics requires the factory to cover control panels. Factory shall understand that the](#)
Action: [protective dust covers guard against contamination.](#)

Deadline [08/28/2008](#)

Date:

Supplier [Factory will provide covers for control panels and minimize the hazardous conditions in](#)
CAP: [workplace.](#)

Supplier [08/28/2008](#)

CAP Date:

Action Taken: [June 30, 2009:](#) Factory has reported they will be completing the action plan for this issue on about July 20, 2009.

[November 30, 2009:](#) The control panel is covered.

Plan Complete: Yes

Plan Complete Date: 12/01/2009

Action Verified: Yes

Action Verified: [Completed:](#) All control panels were equipped with covers.

Text: [Source:](#) factory tour

Action Verified Date: 10/13/2011

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: [On-site observation found that about 80% of sewing machines were missing pulley guards.](#)

[Legal Reference:](#) General Rules for Designing the Production Facilities in Accordance with Safety and Health Requirements

Plan Of Action: [Asics requires the factory to ensure pulley guards are installed on all of the sewing machines.](#)

**Deadline
Date:**

**Supplier
CAP:** [Factory will provide pulley guards for all sewing machines.](#)

**Supplier
CAP Date:**

**Action
Taken:** [June 30, 2009:](#) Factory has reported they will be completing the action plan for this issue on about July 20, 2009.

[November 30, 2009:](#) All sewing machines are equipped pulley guards.

**Plan
Complete:** [Yes](#)

**Plan
Complete
Date:** [12/01/2009](#)

**Action
Verified:** [No](#)

**Action
Verified** [Ongoing:](#) 70% sewing machines were missing safety belt guards.

Text: [Source:](#) factory tour

[Legal Reference:](#) PRC Safety Manufacturing Law, Article 29

**Action
Verified
Date:** [10/13/2011](#)

**Follow-up
Plan of
Action:** [Asics requires the factory to equip safety belt guards to every sewing machine.](#)

Health and Safety: Proper Use of Machinery

H&S.19 Employers shall only use positive incentives (risk awareness training, demonstration of proper use, awards, bonuses, etc.) to ensure workers use machinery, equipment and tools properly and safely. Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe. (P)

Uncorroborated Evidence of Noncompliance

Explanation: [The cutting machines were designed in 2-hand operation mode, but the audit team found that single-hand operation was also allowed.](#)

Plan Of Action: [Asics requires the factory to ensure 2-hand operation for cutting process. Asics requires the factory to ensure safety training is given to operators to avoid occupational accidents.](#)

Deadline Date: [09/27/2008](#)

Supplier CAP: [Factory will put the warnings on the cutting machines to remind workers to use 2 hands.](#)

Supplier CAP Date: [10/31/2008](#)

Action Taken: [June 30, 2009: Factory has informed workers to operate by 2 hands and also designed machines for 2-hand operation mode only.](#)

[Source: photo](#)

[November 30, 2009: Cutting machine has been operated in 2-hand operation mode.](#)

Plan Complete: [Yes](#)

Plan Complete Date: [12/01/2009](#)

Action Verified: [Yes](#)

Action Verified: [Completed: All workers were using cutting machines in proper ways.](#)

Text: [Source: factory tour](#)

Action 10/13/2011

Verified

Date:

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: Document review found that 1 type of medicine in a first aid kit was expired.

Plan Of Action: Asics requires the factory to inspect and replenish the first aid supplies as needed. Asics recommends the factory to keep first aid supplies sealed with a closure (like a paper tie) and to inspect them once a week. If the tie is broken, the supplies should be replenished and resealed.

Deadline Date: 09/27/2008

Supplier CAP: Factory will provide new first aid medicines. The first aid training will be conducted to workers.

Supplier CAP Date: 11/30/2008

Action Taken: June 30, 2009: Factory has reported they will be completing the action plan for this issue on about July 20, 2009.

November 30, 2009: First aid kit contents are inspected periodically.

Plan Complete: Yes

Plan 12/01/2009

Complete

Date:

Action Yes

Verified:

Action Completed: All medicines in all first aid kits were valid.

Verified

Text: Sources: factory tour, visual inspection

Action 10/13/2011

Verified

Date:

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: 1. Based on site observation, there was a strong smell of dirty toilets in workshops and dormitory.

2. Based on document review, the factory did not obtain hygiene license for the canteen.

3. Based on document review, 3 kitchen workers' health certificates were expired.

Legal References: 2) Food Hygiene Law of the People's Republic of China, Article 27; 3) Food Hygiene Law of the People's Republic of China, Article 26

Plan Of

Action:

1. Asics requires the factory to keep the toilet and dormitory clean, maintained and supplied. Factory will need to know the good worker hygiene practices to use during production and in the dormitory to help minimize microbial contamination. It is important to make worker's health and hygiene a priority.

2. Asics requires the factory to apply for the hygiene license for the canteen from local authority.

3. Asics requires the factory to conduct health examination for kitchen workers.

**Deadline
Date:**

**Supplier
CAP:**

1. Factory will keep clean and sanitize in toilets of workshops and dormitory.
2. Already under the improvement and will apply for the certificate of the hygiene license. Factory will apply the hygiene license for the canteen.
3. Factory will conduct health examination for kitchen workers. Factory will obtain and keep the copies of health certificates.

**Supplier
CAP Date:**

**Action
Taken:** June 30, 2009: Factory has sanitized the toilets of workshops and dormitory. Factory has reported they will be completing the action plans on about July 20, 2009.

November 30, 2009:

1. Toilets of workshops and dormitory are clean and sanitized.
2. There is hygiene license for the canteen.
3. There are health certificates for kitchen workers.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 12/01/2009

**Action
Verified:** No

**Action
Verified
Text:** Ongoing:

1. All toilets in the factory were in good condition.
2. The factory did not obtain the hygiene license for the canteen.
3. All 3 staff working in the kitchen did not have the health certificates.

Sources: document review, factory tour

Legal References: PRC Law on Food Safety, Article 29; PRC Law on Food Safety, Article 34

Action 10/13/2011

Verified

Date:

Follow-up 2. Asics requires the factory to obtain the hygiene license for the canteen.

Plan of

Action: 3. Asics requires the factory to obtain the health certificates for the kitchen staff.

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: 1. Document review and management and worker interviews found that the regular working hours of the factory were 9 hours per day (7:30-11:30; 12:30-17:30); 63 hours per week (Monday-Sunday, 9 hours per day), which is not in compliance with legal requirement of 8 hours per day, 40 hours per week; it also exceeded FLA's limit of 60 hours per week.

2. Workers' working hour records in June 2008 provided by the factory found that the average monthly overtime was up to 149 hours in June 2008.

3. Management and worker interview found that the factory did not provide paid leaves to workers, like annual leave, maternity leave, etc.

Legal References: 1) State Council's Revised Regulation Regarding Worker's Work Time (1995.5.1), Article 3; 2) China Labor Law, Article 41; 3) China Labor Law, Article 51

Plan Of 1. Asics requires the factory to review and revise their regular working hour policy, because their policy does not comply with the law.

Action:

2. Asics requires the factory to make a progressive reduction scheme of working hours.

3. Asics requires the factory to stipulate a paid leave policy and to inform workers about this.

Deadline

Date:

Supplier CAP: Factory will reduce annual overtime based on waiver certificate. The annual plan will be provided and will take action to reduce the working hours.

Supplier CAP Date:

Action Taken: November 30, 2009:

1, 2. There is a working hour reduction plan, but the factory did not implement it according to the reduction schedule.

3. Factory has established that statutory leaves comply with the local law. The workers' awareness training for paid leaves is conducted to the workers.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Ongoing:

1. Regular working hours for the factory were 8.5 hours per day (7:30-11:30; 12:30-17:00); 42.5 hours per week (Monday-Friday, 8.5 hours per day).

2. The monthly overtime hours of 25 out of 25 randomly selected workers ranged from 37-150.5 hours in August 2011 (most current month), 5 out of 5 ranged from 37 -146.5 hours in April 2011 (non-peak month) and 5 out of 5 ranged from 37 – 124.5 hours in January 2011 (peak month). Workers had worked overtime ranging from 3-6 hours per day for around 1-5 weekdays in a week on average.

3. The factory did not provide paid leave to workers, like annual leave, maternity leave, etc.

Sources: document review; management and worker interviews

Legal References: PRC Labor Law, Articles 36 and 41

Action Verified Date: 10/13/2011

Follow-up Plan of Action: 1, 2. Asics requires the factory to reduce working hours.
3. Asics requires the factory to provide paid annual leave, maternity leave, etc.
March 11, 2013: The factory has established written regulations about paid annual leave, maternity leave, etc.

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Document review and management and worker interviews found that the workers did not have 1 day off per 7 days. According to the attendance sheets of June 2008 provided by factory, most workers only had 1 day off this month. The factory did not provide other attendance records except for June 2008, but estimated by the auditor, the rest days of workers in peak seasons were quite similar to the conditions in June 2008. That is, in peak seasons from December to June (next year), workers could probably consecutively work for the whole month. While in low seasons from July to November every year, 1 day off per 7 days might be guaranteed.

Legal Reference: China Labor Law, Article 38

Plan Of Action: Factory analyzed that labor shortage was the root cause of consecutive working days.
Factory will try not to accept hasty orders and/or unpractical delivery deadlines. Factory will review the production plan to be able to provide rest days to workers.

Deadline Date: 01/25/2009

Action Taken: [Asics visit on June 5, 2009:](#) As there are requests for on-time delivery, it is unrealistic to provide 1 day off in 7 days during the high season. But, the factory has decided to provide unused rest day to workers in low season.

[November 30, 2009:](#)

1. Factory has not yet provided 1 day of rest per every 7 days.
2. Factory has not provided rest days to workers due to worker shortage. Asics requested to review the production schedule to provide rest days to workers.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Pending:](#) From reviewing September 2010 to October 2011 manual attendance records, 25 out of 25 randomly selected workers worked all 31 days in a month, up to 86 consecutive days all together.

[Sources:](#) document review, management interview

[Legal Reference:](#) PRC Labor Law, Article 38

Action Verified Date: 10/13/2011

Follow-up Plan of Action: Asics requires the factory to provide 1 day off in 7 days. Factory should submit progress scheme to Asics.

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Uncorroborated Evidence of Noncompliance

Explanation: According to the attendance sheets, all workers' working hours were recorded without specific clock-in and clock-out times.

Plan Of Action: Asics requires factory to record clock-in and clock-out times and to ensure recording of all working hours by using a reliable and accurate time recording system.

Deadline Date: 12/01/2011

Supplier CAP: Factory will keep accurate and precise record of working hours. Factory will use time recorder and keep accurate precise record of working hours from December 1, 2011.

Supplier CAP Date: 02/01/2012

Action Taken: November 30, 2009: There is no precise and complete check-in and check-out time record yet. Asics has asked factory to terminate manual time recording and introduce time recording machine.

November 11, 2011: Asics visited the factory and urged them to use time recorder.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Pending:](#) The factory had only used symbol "tick" in time attendance records to record workers' attendance, and there was no specific detailed in-time and out-time shown in the provided time attendance records; therefore, workers' actual worked hours could not be accurately verified in this audit.

[Sources:](#) document review, management interview

Action Verified Date: 10/13/2011

Follow-up Plan of Action: [Asics](#) requires the factory to install a time record system and maintain the time attendance records.

Hours of Work: Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: [Management and worker interviews](#) found that the factory did not provide paid annual leave to workers.

[Legal Regulations:](#) Regulations on Paid Annual Leave for Employees, Article 3

Plan Of Action: [Asics](#) requires the factory to stipulate paid leave policy and inform workers about this.

Deadline Date: 09/27/2008

Supplier CAP: [Factory](#) will provide paid leave during periods such as sick leave, wedding leave and maternity leave according to labor law. These conditions will be mentioned in the labor contracts.

Supplier CAP Date:

Action Taken: [November 30, 2009:](#) Factory has established statutory leaves that comply with the local law. The workers' awareness training for paid leaves is conducted for the workers.

Plan Complete: [Yes](#)

Plan Complete Date: [12/01/2009](#)

Action Verified: [No](#)

Action Verified [Pending:](#) The factory did not provide paid annual leave to workers.

Text: [Sources:](#) document review, management interview

[Legal Reference:](#) PRC Regulations on Employee's Paid Annual Leave, Article 3

Action Verified Date: [10/13/2011](#)

Follow-up [Asics](#) requires the factory to provide paid annual leave to workers.

Plan of Action: [March 11, 2013:](#) The factory established written guideline about paid annual leave.

Hours of Work: Suspension of Work

HOW.22 Employers can only suspend work in accordance with local laws, regulations and procedures. Workers shall be paid in full during periods of suspension, unless local laws stipulate otherwise, workers and their representative organizations (temporarily) agree otherwise, and the relevant national authorities authorize the alternative arrangement. (S)

Noncompliance

Explanation: [Management and worker interviews](#) found that the factory did not pay employees during the periods of suspension. Some workers would be put on leave without any compensation.

[Legal Reference:](#) Payment of Wages Tentative Provisions, Article 12

Plan Of Action: Asics requires the factory to give paid leave to workers during the factory suspension.

Deadline Date:

Supplier CAP: Factory will provide paid leaves during periods such as sick leave, wedding leave and maternity leave according to labor law. These conditions will be mentioned on the labor contracts.

Supplier CAP Date:

Action Taken: November 30, 2009: Factory pays the compensation to worker according to the law. However, the time recording is incredible. It is unclear whether factory pays the overtime compensation completely. Asics has asked the factory to terminate manual time recording and introduce time recording machine.

Plan Complete: No

Plan Complete Date:

Action Verified: Yes

Action Verified Text: Completed: There was no downtime period during the last 2 years.
Sources: document review; management and worker interviews

Action Verified Date: 10/13/2011
